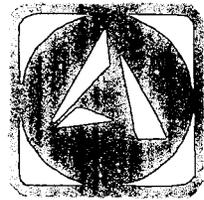


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



ANNUAL REPORT 1996-97



AMARJOTHI SPINNING MILLS LIMITED



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AMARJOTHI SPINNING MILLS LIMITED

BOARD OF DIRECTORS

Sri. N. RAJAN

(Chairman)

Sri. R. PREMCHANDER

(Managing Director)

Sri. R. JAICHANDER

(Joint Managing Director)

Dr. V. SUBRAMANIAM

Sri. S. SATHYANARAYANAN

Sri. S.N. RAMASWAMY RAJHA

(Executive Director)



BANKERS

**BANK OF BARODA
KARUR VYSYA BANK LTD.**

AUDITORS

M/s. SRIDHAR & SANTHANAM
Chartered Accountants, Chennai

SHARE TRANSFER AGENTS

**M/s. COMPUTER AGE MANAGEMENT
SERVICES PVT. LTD.,**
A&B, LAKSHMI BHAVAN,
609, Anna Salai, **CHENNAI - 600 006.**
PHONE : 8520788/8524188

REGD. OFFICE : "AMARJOTHI HOUSE", 157, Kumaran Road, Tirupur - 641 601.

MILLS AT: Pudukurpalayam, Nambiyur - 638 458, Gobi Taluk.



AMARJOTHI SPINNING MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineth Annual General Meeting of the members of **AMARJOTHI SPINNING MILLS LIMITED** will be held on Tuesday, the 30th September 1997 at 10.00 A.M. at the Meeting Hall of Hotel Brindavan, 33 Harvey Road, Tirupur 641 602 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March 1997, the Profit and Loss Account for the year ended 31st March 1997 and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr.N.Rajan who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Dr.V. Subramaniam who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office till the conclusion of next Annual General Meeting and to fix their remuneration. M/s.Sridhar & Santhanam, Chartered Accountants, Chennai retire at this Meeting and are eligible for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass the following Resolution as an Ordinary Resolution with or without modification.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company to or in favour of BOB Consortium viz., Bank of Baroda (BOB) and Karur Vysya Bank Limited (KVB) to secure the Working Capital Finance upto a limit of Rs. 1000.00 Lacs (Rupees One thousand Lacs only) as and when advanced by BOB Consortium to the Company together with interest at the agreed rates, additional interest, liquidated damages, premium on prepayment, costs, charges, expenses and all other moneys payable by the Company to BOB Consortium in terms of their Sanction letter/Security documents, Loan Agreement entered into/to be entered into by the Company, in respect of the said Working Capital Finance.

"RESOLVED FURTHER THAT the action of the Board of Directors of the Company in having availed the Working Capital limits aggregating to Rs. 625.00 Lacs from BOB consortium and in having created a charge/mortgage over the Company's movable/immovable properties in favour of BOB Consortium is hereby ratified and confirmed.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with BOB Consortium any further document that may be required to confirm the afore-said mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolutions."



AMARJOTHI SPINNING MILLS LIMITED

7. To consider and if thought fit to have the following Resolution as Special Resolution with or without modification.

"RESOLVED THAT Sri.R. Jaichander be and is hereby appointed as the Joint Managing Director of the Company for 5 years from 01.12.1996, subject to the control, direction and superintendance of the Board of the Directors of the Company on the following terms and conditions".

- a) Salary of Rs. 25,000/- (Rupees Twenty Five Thousand only) per month inclusive of all allowances and perquisites.
- b) Telephone at his residence.
- c) Other benefits and amenities as are generally applicable to Senior Executives of the Company.
- d) Commission on net profits to an extent allowable under the Companies Act, 1956 read with Schedule XIII thereof provided such commission together with the total remuneration paid to the Joint Managing Director shall not exceed 5% of the net profits of the Company as computed in accordance with the relevant provisions of the Act. No commission will however be payable in the absence of or inadequacy of profits.

"FURTHER RESOLVED THAT the aforesaid remuneration be paid to Sri. R. Jaichander as the minimum remuneration in the absence of or inadequacy of profits in any year subject to the provisions of Schedule XIII of the Companies Act, 1956".

"FURTHER RESOLVED THAT Sri.R. Jaichander be not liable for retirement by rotation so long as he functions as the Joint Managing Director of the Company".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to revise or vary the remuneration of Sri.R. Jaichander during his period of office at any time subject to the provisions regarding maximum remuneration payable under the Companies Act, 1956 in vogue for the time being".

8. To consider and if thought fit to pass the following resolution with or without modification as a Special Resolution.

Resolved that pursuant and subject to the approval of the financial Institutions, Banks, and other authority as may be required in this regard and to Sec 17 and other applicable provisions, if any, of the Companies Act, 1956 the object clause of the Memorandum of Association of the Company be altered in the manner following that after subclause 2 of III (A) of the Memorandum of Association of the Company in the main objects the following clauses be inserted as sub clauses 3 and 4 respectively.

Sub clause 3 :

To carry on the business of Real estate and to purchase or otherwise acquire and hold dispose off and deal in immovable properties such as land and building and other movable property of any type and to let out such properties and to make advances upon the security of immovables and other properties and any interest therein.



AMARJOTHI SPINNING MILLS LIMITED

Sub clause 4 :

To carry on the business as Developers, Builders, Constructors, Contractors, Decorators and undertake projects on Turn Key Basis of Dwelling Houses, Residential Complexes and Flats, Commercial Complexes, Cinema Houses, Bus Stands, Airports, Seaports, Railway Stations and Building of all types, Government and other Industrial Buildings including Power Plants Chemicals, Fertilizers, Petrochemical, Oil and Gas and related plants in India and abroad.

Further resolved that pursuant to Sec. 149 (2A) and other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby given to the Board of Directors of the Company to commence the new businesses of Real Estate and property development at any time as they deem fit after the alteration to object Clause as aforesaid is filed with the Registrar of Companies, Coimbatore.

By order of the Board

Place : Tirupur
Date : 30th August, 1997

R. PREMCHANDER
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. The instrument of proxies should however be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed.
3. Members are requested to notify immediately any change in their address. If any, to our Registrars viz., M/s.CAMS SHARE REGISTRY PRIVATE LIMITED, A&B, LAKSHMI BHAVAN, 609, ANNA SALAI, CHENNAI 600 006. Any other correspondence relating to Shares may also be addressed to the said Registrars.
4. The Register of members and share transfer of books of Company will remain closed from 23rd September 1997 to 30th September 1997. (Both days inclusive)
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. The members/proxy holders are requested to bring the attendance slip sent herewith duly filled for attending the meeting.
7. Members desiring any information as regards accounts are requested to write to the Company atleast 7 days before the meeting to enable the management to keep the information ready.
8. Members are requested to be in their seats at the meeting hall before the scheduled time of commencement of the Annual General Meeting to avoid interruption in the proceedings.



AMARJOTHI SPINNING MILLS LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM No.6

The Company has approached the Consortium (with Bank of Baroda as the lead Bank and Karur Vysya Bank Limited) for Working Capital facilities and Rs. 625.00 Lakhs has been sanctioned by the Consortium and it has to be secured by a first charge on the Current Assets of the Company and a pari passu second charge of the Fixed Assets.

Section 293(1)(a) of the Companies Act, 1956, inter alia provides that the Board of Directors of a Public Company shall not without the consent of such Company in General Meeting, Sell, Lease or otherwise dispose off the whole or substantially the whole of the undertaking.

Since the mortgaging of the Company's movable/immovable properties may be regarded as disposal of the Company's properties/undertaking it is necessary for members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, for creation of the said Mortgages/charges.

Hence, a Resolution is placed before the shareholders under Item No. 6 for consideration and approval.

Inspection : Copy of letters of sanction :

Letter No . Adv:29.342 dated 22.10.96 and letter dated 19.10.96 from Bank of Baroda and Karur Vysya Bank Ltd. Relevant agreement/documents etc. entered into with Bank of Baroda and Karur Vysya Bank Limited are open for inspection at the Registered office of the Company between 10.00 A.M. to 4.00 P.M. on any working day prior to the date of meeting and will also be available for inspection at the meeting.

ITEM No : 7

The Board of Directors at their meeting held on 27th November, 1996 have appointed Sri. R.Jaichander as Joint Managing Director for a period of 5 years with effect from 01.12.1996 on terms and conditions as stipulated in the resolution placed before the Shareholders under this item in the notice.

Approval of the Company in General Meeting is required for the said resolution under the provisions of the Companies Act, 1956 and accordingly necessary resolutions are submitted to the Shareholders for their consideration and approval.

The Shareholders approval has also been sought for the Board of Directors varying or revising the remuneration of Sri.R. Jaichander from time to time during the period from 1.12.1996 to 31.11.2001 taking into account the prevailing Corporate practices, market situations, responsibilities, and duties entrusted to the Joint Managing Director and the policy of the Government and provisions of Law in this regard on vogue from time to time.

The Resolution and this Explanatory Statement may be treated as abstract of the terms and conditions of appointment of Sri.R. Jaichander as Joint Managing Director of the Company required to be circulated to the members u/s 302 of the Companies Act 1956.



AMARJOTHI SPINNING MILLS LIMITED

Sri. R. Jaichander, Joint Managing Director is interested in this resolution as it relates to his appointment.

Sri. N. Rajan, Chairman being the father of Sri.R. Jaichander is also deemed to be interested in this resolution.

Sri. R. Premchander, Managing Director by virtue of he being the brother of Sri. R. Jaichander may also be deemed to be interested in this resolution.

ITEM No. 8 :

As part of the diversification programme for the Company your Board of Directors have thought it advisable that the Company take up Real Estate business and Property Development business which appears to have a good potential future. Diversifying into these areas will help improve the profitability and image of the Company. Since the present object Clause does not permit the Company to take up the new business contemplated as per Sec.17 of the Companies Act, 1956, the approval of the Company in general meeting is required by way of Special resolution for amending the object Clause of the Memorandum of Association of the Company.

The said resolution was approved by members on 27.09.96. But as per the latest amendment of Company Law 1996 which came into effect from 01.03.97 for change of object clause no Company Law Board approval is required. Hence this special resolution and therefore placed for the consideration and approval of the Shareholders.

Your Directors recommend the resolution for approval.

None of the Directors is interested in the said resolution.

A copy of the Memorandum and Articles of Association of the Company is available for inspection by members at any time during working hours at the Registered office of the Company.

By order of the Board

Place : Tirupur
Date : 30th August, 1997

R. PREMCHANDER
Managing Director